

sum, if actually paid in, would have required \$1,850,000,000 of capital, and in the England of that day, with her population of 13,000,000, would have represented an investment of nearly \$150 per capita, or one-third of the wealth of the country.

The withdrawal of so much capital from legitimate commercial uses as was actually paid into these companies caused a sharp increase in the value of money and the prices of commodities, and manufacturers were forced to borrow money to carry on their ordinary operations at the increased rates. The rising prices in the latter half of the year 1825 reduced purchases, the warehouses began to fill and the owners of merchandise were confronted with the usual dilemma of a commercial crisis,—to sell their goods at a loss or make new loans at higher rates of discount. The coin reserve of the Bank of England steadily declined after March, 1824, when it stood at £13,800,000, until it reached £9,490,420 on January 29, 1825, and £6,659,780 at the end of April. The reserve had been forced down to £3,012,150 on November 26th, and the country banks, which had been increasing their discounts and their note issues, were suddenly brought to a halt by the failure of Sir Peter Pole and Co., on Monday, December 12, 1825. Sixty-three country banks were forced to suspend, and "the consequence," says Mr. Bagehot, "was a panic-so tremendous that its results are well remembered after nearly fifty years."

The Bank of England went on expanding its discounts up to the end of April, in spite of an adverse foreign exchange and the rapid reduction of the coin reserve. The process of contraction began in May, but the bank did not raise the discount rate until the panic had actually broken. It was not until December 13¹¹, that they advanced the rate from four per cent, to five. The policy of contraction during the first days of the panic, on Monday and Tuesday, caused absolute paralysis of business. Mr. Huskisson said afterwards in the House of Commons that during these two days, "It was impossible to convert into money, to any extent, the best securities of the government." The usury laws, which